

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 241**

Introduced By: Hudkins, 21

Read first time: January 10, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to education; to amend sections 77-913,  
2 79-213, 79-805, 79-818, 79-820, 79-855, 79-856, 79-861,  
3 79-872, 79-873, 79-874, 79-8,137, 79-901, 79-977, 79-978.01,  
4 79-1065.01, 79-1083.01, 79-1089, 79-1090, 79-10,124,  
5 79-1108.02, 79-1235, and 79-1241, Reissue Revised Statutes  
6 of Nebraska, sections 10-704, 13-508, 77-1327, 77-3442,  
7 77-5007, 79-479, 79-528, 79-1065.02, 79-1073, 79-1073.01,  
8 79-10,120, 79-1103, 79-1104, 79-1223, 79-1241.01, 79-1337,  
9 79-2102, and 79-2106, Revised Statutes Cumulative  
10 Supplement, 2006, and sections 79-413 and 79-4,111, Revised  
11 Statutes Cumulative Supplement, 2006, as affected by  
12 Referendum 2006, No. 422; to require the state to pay  
13 teacher salaries and benefits; to provide for collective  
14 bargaining as prescribed; to create a teachers bargaining  
15 unit; to eliminate the Tax Equity and Educational  
16 Opportunities Support Act; to eliminate funds; to harmonize  
17 provisions; to provide operative dates; to repeal the

1 original sections; to outright repeal sections 43-2513,  
2 79-245, 79-1015.01, 79-1017.01, 79-1020, 79-1021,  
3 79-1022.02, 79-1023, 79-1025, 79-1027.01, 79-1029, and  
4 79-1031, Reissue Revised Statutes of Nebraska, sections  
5 79-1001, 79-1002, 79-1005.01, 79-1005.02, 79-1007.01,  
6 79-1007.02, 79-1007.03, 79-1007.04, 79-1007.05, 79-1007.06,  
7 79-1007.07, 79-1007.08, 79-1007.09, 79-1007.10, 79-1008.01,  
8 79-1008.02, 79-1009, 79-1009.01, 79-1010, 79-1011, 79-1012,  
9 79-1018.01, 79-1024, 79-1026.01, 79-1030, and 79-1033,  
10 Revised Statutes Cumulative Supplement, 2006, and sections  
11 79-1003, 79-1016, 79-1022, 79-1026, 79-1027, 79-1028,  
12 79-1031.01, 79-1083.02, and 79-1083.03, Revised Statutes  
13 Cumulative Supplement, 2006, as affected by Referendum 2006,  
14 No. 422; and to declare an emergency.

15 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 10-704, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           10-704. Except as otherwise provided in this section, the  
4 aggregate amount of school bonds issued for all purposes in Class I or  
5 Class II school districts shall in no event exceed fourteen percent of  
6 the taxable valuation of all property in such school district. This  
7 section does not apply (1) to the issuance of refunding or compromise  
8 of indebtedness bonds by any such school district for the purpose of  
9 retiring outstanding bonds, warrants, or other indebtedness or (2) to  
10 any Class II school district which currently receives or has received  
11 in either of the two previous school fiscal years federal funds in  
12 excess of twenty-five percent of its general fund budget of  
13 expenditures. For purposes of this section, general fund budget of  
14 expenditures means the total budget of disbursements and transfers for  
15 general fund purposes as certified in the budget statement adopted  
16 pursuant to the Nebraska Budget Act, except that for purposes of the  
17 calculation of Class I total allowable general fund budget of  
18 expenditures minus the special education budget of expenditures  
19 pursuant to section 79-1083.03, the general fund budget of  
20 expenditures does not include any special grant funds, exclusive of  
21 local matching funds, received by a district subject to the approval  
22 of the State Department of Education. as defined in section  
23 79-1003.

24           Sec. 2. Section 13-508, Revised Statutes Cumulative  
25 Supplement, 2006, is amended to read:

26           13-508. (1) After publication and hearing thereon and within  
27 the time prescribed by law, each governing body, except as provided in

1 subsection (3) of this section, shall file with and certify to the  
2 levying board or boards on or before September 20 of each year and  
3 file with the auditor a copy of the adopted budget statement which  
4 complies with sections 13-518 to 13-522, ~~or 79-1023 to 79-1030,~~  
5 together with the amount of the tax required to fund the adopted  
6 budget, setting out separately (a) the amount to be levied for the  
7 payment of principal or interest on bonds issued by the governing body  
8 and (b) the amount to be levied for all other purposes. Proof of  
9 publication shall be attached to the statements. School districts that  
10 are members of a learning community shall also file a copy of such  
11 adopted budget statement with the learning community coordinating  
12 council on or before September 1, 2007, and on or before September 1  
13 of each year thereafter. The governing body, in certifying the amount  
14 required, may make allowance for delinquent taxes not exceeding five  
15 percent of the amount required plus the actual percentage of  
16 delinquent taxes for the preceding tax year and for the amount of  
17 estimated tax loss from any pending or anticipated litigation which  
18 involves taxation and in which tax collections have been or can be  
19 withheld or escrowed by court order. For purposes of this section,  
20 anticipated litigation shall be limited to the anticipation of an  
21 action being filed by a taxpayer who or which filed a similar action  
22 for the preceding year which is still pending. Except for such  
23 allowances, a governing body shall not certify an amount of tax more  
24 than one percent greater or lesser than the amount determined under  
25 section 13-505.

26 (2) Each governing body shall use the final adjusted values  
27 as provided by the county assessor pursuant to section 13-509 for the

1 current year in setting or certifying the levy. Each governing body  
2 may designate one of its members to perform any duty or responsibility  
3 required of such body by this section.

4 (3)(a) A Class I school district shall do the filing and  
5 certification required by subsection (1) of this section on or before  
6 August 1 of each year.

7 (b) A school district which is a member of a learning  
8 community shall do such filing and certification on or before  
9 September 1 of each year.

10 Sec. 3. Section 77-913, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12 77-913. The Insurance Tax Fund is created. The State  
13 Treasurer shall receive the funds paid pursuant to Chapter 77, article  
14 9, and except as provided in sections 77-912 and 77-918 shall keep all  
15 money received in the Insurance Tax Fund. Any money in the fund  
16 available for investment shall be invested by the state investment  
17 officer pursuant to the Nebraska Capital Expansion Act and the  
18 Nebraska State Funds Investment Act.

19 Prior to June 1 of each year, the State Treasurer shall  
20 disburse or allocate all of the funds in the Insurance Tax Fund on May  
21 1 of each year as follows:

22 (1) Ten percent of the total shall be allocated to the  
23 counties proportionately in the proportion that the population of each  
24 county bears to the entire state, as shown by the last federal  
25 decennial census;

26 (2) Thirty percent of the total shall be allocated to the  
27 Municipal Equalization Fund; and

1           (3) Sixty percent of the total shall be allocated to the  
2 State Department of Education for ~~distribution to school districts as~~  
3 ~~equalization aid pursuant to the Tax Equity and Educational~~  
4 ~~Opportunities Support Act as follows: The Commissioner of Education~~  
5 ~~shall (a) include the amount certified by the State Treasurer~~  
6 ~~pursuant to this section with the amount appropriated to the Tax~~  
7 ~~Equity and Educational Opportunities Fund for distribution in the~~  
8 ~~ensuing school fiscal year, (b) include such amounts in the state aid~~  
9 ~~certified to each school district pursuant to section 79-1022, and~~  
10 ~~(c) distribute such funds as equalization aid under the provisions of~~  
11 ~~the act during the ensuing fiscal year. payments required pursuant~~  
12 ~~to sections 79-818, 79-855, 79-856, 79-1223, and 79-1235.~~

13           Sec. 4. Section 77-1327, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15           77-1327. (1) It is the intent of the Legislature that  
16 accurate and comprehensive information be developed by the Property  
17 Tax Administrator and made accessible to the taxing officials and  
18 property owners in order to ensure the uniformity and proportionality  
19 of the assessments of real property valuations in the state in  
20 accordance with law and to provide the statistical and narrative  
21 reports pursuant to section 77-5027.

22           (2) All transactions of real property for which the  
23 statement required in section 76-214 is filed shall be available for  
24 development of a sales file by the Property Tax Administrator. All  
25 transactions with stated consideration of more than one hundred  
26 dollars or upon which more than two dollars and twenty-five cents in  
27 documentary stamp taxes are paid shall be considered sales. All sales

1 shall be deemed to be arm's length transactions unless determined to  
2 be otherwise under professionally accepted mass appraisal techniques.  
3 The Department of Property Assessment and Taxation shall not overturn  
4 a determination made by a county assessor regarding the qualification  
5 of a sale unless the department reviews the sale and determines  
6 through the review that the determination made by the county assessor  
7 is incorrect.

8 (3) The Property Tax Administrator annually shall make and  
9 issue comprehensive assessment ratio studies of the average level of  
10 assessment, the degree of assessment uniformity, and the overall  
11 compliance with assessment requirements for each major class of real  
12 property subject to the property tax in each county. The comprehensive  
13 assessment ratio studies shall be developed in compliance with  
14 professionally accepted mass appraisal techniques and shall employ  
15 such statistical analysis as deemed appropriate by the Property Tax  
16 Administrator, including measures of central tendency and dispersion.  
17 The comprehensive assessment ratio studies shall be based upon the  
18 sales file as developed in subsection (2) of this section and shall be  
19 used by the Property Tax Administrator for the analysis of the level  
20 of value and quality of assessment for purposes of section 77-5027,  
21 ~~and by the Property Tax Administrator in establishing the adjusted~~  
22 ~~valuations required by section 79-1016.~~ Such studies may also be used  
23 by assessing officials in establishing assessed valuations.

24 (4) For purposes of determining the level of value of  
25 agricultural and horticultural land subject to special valuation under  
26 sections 77-1343 to 77-1348, the Property Tax Administrator shall  
27 annually make and issue a comprehensive study developed in compliance

1 with professionally accepted mass appraisal techniques to establish  
2 the level of value if in his or her opinion the level of value cannot  
3 be developed through the use of the comprehensive assessment ratio  
4 studies developed in subsection (3) of this section.

5 (5) The Property Tax Administrator may require assessors and  
6 other taxing officials to report data on the assessed valuation and  
7 other features of the property assessment for such periods and in such  
8 form and content as the Property Tax Administrator shall deem  
9 appropriate. The Property Tax Administrator shall so construct and  
10 maintain the system used to collect and analyze the data to enable him  
11 or her to make intracounty comparisons of assessed valuation,  
12 including school districts, as well as intercounty comparisons of  
13 assessed valuation, including school districts. The Property Tax  
14 Administrator shall include analysis of real property sales pursuant  
15 to land contracts and similar transfers at the time of execution of  
16 the contract or similar transfer.

17 Sec. 5. Section 77-3442, Revised Statutes Cumulative  
18 Supplement, 2006, is amended to read:

19 77-3442. (1) Property tax levies for the support of local  
20 governments for fiscal years beginning on or after July 1, 1998, shall  
21 be limited to the amounts set forth in this section except as provided  
22 in section 77-3444.

23 (2)(a) Except as provided in subdivision (2)(d) of this  
24 section, school districts and multiple-district school systems, except  
25 learning communities and school districts that are members of learning  
26 communities, may levy a maximum levy of one dollar ~~and five cents~~  
27 per one hundred dollars of taxable valuation of property subject to

1 the levy.

2 (b) Except as provided in subdivision (2)(d) of this  
3 section, for fiscal year 2008-09 and each fiscal year thereafter, (i)  
4 learning communities may levy a maximum levy for the general fund  
5 budgets of member school districts ~~equal to the ratio of the~~  
6 ~~aggregate difference of one hundred ten percent of the formula needs~~  
7 ~~as calculated pursuant to section 79 1007.02 minus the amount of~~  
8 ~~state aid certified pursuant to section 79 1022 and minus the other~~  
9 ~~actual receipts included in local system formula resources pursuant~~  
10 ~~to section 79 1018.01 for each member school district for such school~~  
11 ~~fiscal year divided by each one hundred dollars of taxable property~~  
12 ~~subject to the levy, except that such levy shall not to exceed~~  
13 ~~one dollar and two ninety-seven cents on each one hundred dollars~~  
14 ~~of taxable property subject to the levy,~~ and (ii) school districts  
15 that are members of learning communities may levy a maximum levy of  
16 the difference of ~~one dollar and two ninety-seven cents~~ on each  
17 one hundred dollars of taxable property subject to the levy minus the  
18 learning community levy pursuant to this subdivision for purposes of  
19 such school district's general fund budget and special building funds.

20 (c) Excluded from the limitations in subdivisions (a) and  
21 (b) of this subsection are amounts levied to pay for sums agreed to be  
22 paid by a school district to certificated employees in exchange for a  
23 voluntary termination of employment and amounts levied to pay for  
24 special building funds and sinking funds established for projects  
25 commenced prior to April 1, 1996, for construction, expansion, or  
26 alteration of school district buildings. For purposes of this  
27 subsection, commenced means any action taken by the school board on

1 the record which commits the board to expend district funds in  
2 planning, constructing, or carrying out the project.

3 (d) Federal aid school districts may exceed the maximum levy  
4 prescribed by subdivision (2)(a) or (b) of this section only to the  
5 extent necessary to qualify to receive federal aid pursuant to Title  
6 VIII of Public Law 103-382, as such title existed on September 1,  
7 2001. For purposes of this subdivision, federal aid school district  
8 means any school district which receives ten percent or more of the  
9 revenue for its general fund budget from federal government sources  
10 pursuant to Title VIII of Public Law 103-382, as such title existed on  
11 September 1, 2001.

12 ~~(e) For school fiscal year 2002-03 through school fiscal~~  
13 ~~year 2007-08, school districts and multiple district school systems~~  
14 ~~may, upon a three-fourths majority vote of the school board of the~~  
15 ~~school district, the board of the unified system, or the school board~~  
16 ~~of the high school district of the multiple district school system~~  
17 ~~that is not a unified system, exceed the maximum levy prescribed by~~  
18 ~~subdivision (2)(a) of this section in an amount equal to the net~~  
19 ~~difference between the amount of state aid that would have been~~  
20 ~~provided under the Tax Equity and Educational Opportunities Support~~  
21 ~~Act without the temporary aid adjustment factor as defined in section~~  
22 ~~79-1003 for the ensuing school fiscal year for the school district or~~  
23 ~~multiple district school system and the amount provided with the~~  
24 ~~temporary aid adjustment factor. The State Department of Education~~  
25 ~~shall certify to the school districts and multiple district school~~  
26 ~~systems the amount by which the maximum levy may be exceeded for the~~  
27 ~~next school fiscal year pursuant to this subdivision (e) of this~~

1 ~~subsection on or before February 15 for school fiscal years 2004-05~~  
2 ~~through 2007-08.~~

3 ~~(f)~~ (e) For fiscal year 2008-09 and each fiscal year  
4 thereafter, learning communities may levy a maximum levy of two cents  
5 on each one hundred dollars of taxable property subject to the levy  
6 for special building funds for member school districts.

7 ~~(g)~~ (f) For fiscal year 2008-09 and each fiscal year  
8 thereafter, learning communities may levy a maximum levy of one cent  
9 on each one hundred dollars of taxable property subject to the levy  
10 for the learning community budget and for projects approved by the  
11 learning community coordinating council.

12 (3) Community colleges may levy a maximum levy on each one  
13 hundred dollars of taxable property subject to the levy of seven  
14 cents, plus amounts allowed under subsection (7) of section  
15 85-1536.01, except that any community college whose valuation per  
16 reported aid equivalent student as defined in section 85-1503 was less  
17 than eighty-two percent of the average valuation per statewide  
18 reimbursable reported aid equivalent total as defined in section  
19 85-1503 for all community colleges for fiscal year 1997-98 may levy up  
20 to an additional one-half cent for each of fiscal years 2005-06 and  
21 2006-07 upon a three-fourths majority vote of the board.

22 (4) Natural resources districts may levy a maximum levy of  
23 four and one-half cents per one hundred dollars of taxable valuation  
24 of property subject to the levy. Natural resources districts shall  
25 also have the power and authority to levy a tax equal to the dollar  
26 amount by which their restricted funds budgeted to administer and  
27 implement ground water management activities and integrated management

1 activities under the Nebraska Ground Water Management and Protection  
2 Act exceed their restricted funds budgeted to administer and implement  
3 ground water management activities and integrated management  
4 activities for FY2003-04, not to exceed one cent on each one hundred  
5 dollars of taxable valuation annually on all of the taxable property  
6 within the district. In addition, natural resources districts located  
7 in a river basin, subbasin, or reach that has been determined to be  
8 fully appropriated pursuant to section 46-714 or designated as  
9 overappropriated pursuant to section 46-713 by the Department of  
10 Natural Resources shall also have the power and authority to levy a  
11 tax equal to the dollar amount by which their restricted funds  
12 budgeted to administer and implement ground water management  
13 activities and integrated management activities under the Nebraska  
14 Ground Water Management and Protection Act exceed their restricted  
15 funds budgeted to administer and implement ground water management  
16 activities and integrated management activities for FY2005-06, not to  
17 exceed three cents on each one hundred dollars of taxable valuation on  
18 all of the taxable property within the district for fiscal year  
19 2006-07 and not to exceed two cents on each one hundred dollars of  
20 taxable valuation annually on all of the taxable property within the  
21 district for fiscal years 2007-08 and 2008-09.

22 (5) Educational service units may levy a maximum levy of one  
23 and one-half cents per one hundred dollars of taxable valuation of  
24 property subject to the levy.

25 (6)(a) Incorporated cities and villages which are not within  
26 the boundaries of a municipal county may levy a maximum levy of  
27 forty-five cents per one hundred dollars of taxable valuation of

1 property subject to the levy plus an additional five cents per one  
2 hundred dollars of taxable valuation to provide financing for the  
3 municipality's share of revenue required under an agreement or  
4 agreements executed pursuant to the Interlocal Cooperation Act or the  
5 Joint Public Agency Act. The maximum levy shall include amounts levied  
6 to pay for sums to support a library pursuant to section 51-201,  
7 museum pursuant to section 51-501, visiting community nurse, home  
8 health nurse, or home health agency pursuant to section 71-1637, or  
9 statue, memorial, or monument pursuant to section 80-202.

10 (b) Incorporated cities and villages which are within the  
11 boundaries of a municipal county may levy a maximum levy of ninety  
12 cents per one hundred dollars of taxable valuation of property subject  
13 to the levy. The maximum levy shall include amounts paid to a  
14 municipal county for county services, amounts levied to pay for sums  
15 to support a library pursuant to section 51-201, a museum pursuant to  
16 section 51-501, a visiting community nurse, home health nurse, or home  
17 health agency pursuant to section 71-1637, or a statue, memorial, or  
18 monument pursuant to section 80-202.

19 (7) Sanitary and improvement districts which have been in  
20 existence for more than five years may levy a maximum levy of forty  
21 cents per one hundred dollars of taxable valuation of property subject  
22 to the levy, and sanitary and improvement districts which have been in  
23 existence for five years or less shall not have a maximum levy.  
24 Unconsolidated sanitary and improvement districts which have been in  
25 existence for more than five years and are located in a municipal  
26 county may levy a maximum of eighty-five cents per hundred dollars of  
27 taxable valuation of property subject to the levy.

1           (8) Counties may levy or authorize a maximum levy of fifty  
2 cents per one hundred dollars of taxable valuation of property subject  
3 to the levy, except that five cents per one hundred dollars of taxable  
4 valuation of property subject to the levy may only be levied to  
5 provide financing for the county's share of revenue required under an  
6 agreement or agreements executed pursuant to the Interlocal  
7 Cooperation Act or the Joint Public Agency Act. The maximum levy shall  
8 include amounts levied to pay for sums to support a library pursuant  
9 to section 51-201 or museum pursuant to section 51-501. The county may  
10 allocate up to fifteen cents of its authority to other political  
11 subdivisions subject to allocation of property tax authority under  
12 subsection (1) of section 77-3443 and not specifically covered in this  
13 section to levy taxes as authorized by law which do not collectively  
14 exceed fifteen cents per one hundred dollars of taxable valuation on  
15 any parcel or item of taxable property. The county may allocate to one  
16 or more other political subdivisions subject to allocation of property  
17 tax authority by the county under subsection (1) of section 77-3443  
18 some or all of the county's five cents per one hundred dollars of  
19 valuation authorized for support of an agreement or agreements to be  
20 levied by the political subdivision for the purpose of supporting that  
21 political subdivision's share of revenue required under an agreement  
22 or agreements executed pursuant to the Interlocal Cooperation Act or  
23 the Joint Public Agency Act. If an allocation by a county would cause  
24 another county to exceed its levy authority under this section, the  
25 second county may exceed the levy authority in order to levy the  
26 amount allocated.

27           (9) Municipal counties may levy or authorize a maximum levy

1 of one dollar per one hundred dollars of taxable valuation of property  
2 subject to the levy. The municipal county may allocate levy authority  
3 to any political subdivision or entity subject to allocation under  
4 section 77-3443.

5 (10) Property tax levies for judgments, except judgments or  
6 orders from the Commission of Industrial Relations, obtained against a  
7 political subdivision which require or obligate a political  
8 subdivision to pay such judgment, to the extent such judgment is not  
9 paid by liability insurance coverage of a political subdivision, for  
10 preexisting lease-purchase contracts approved prior to July 1, 1998,  
11 for bonded indebtedness approved according to law and secured by a  
12 levy on property, and for payments by a public airport to retire  
13 interest-free loans from the Department of Aeronautics in lieu of  
14 bonded indebtedness at a lower cost to the public airport are not  
15 included in the levy limits established by this section.

16 (11) The limitations on tax levies provided in this section  
17 are to include all other general or special levies provided by law.  
18 Notwithstanding other provisions of law, the only exceptions to the  
19 limits in this section are those provided by or authorized by sections  
20 77-3442 to 77-3444.

21 (12) Tax levies in excess of the limitations in this section  
22 shall be considered unauthorized levies under section 77-1606 unless  
23 approved under section 77-3444.

24 (13) For purposes of sections 77-3442 to 77-3444, political  
25 subdivision means a political subdivision of this state and a county  
26 agricultural society.

27 Sec. 6. Section 77-5007, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2 77-5007. The commission has the power and duty to hear and  
3 determine appeals of:

4 (1) Decisions of any county board of equalization equalizing  
5 the value of individual tracts, lots, or parcels of real property so  
6 that all real property is assessed uniformly and proportionately;

7 (2) Decisions of any county board of equalization granting  
8 or denying tax-exempt status for real or personal property or an  
9 exemption from motor vehicle taxes and fees;

10 (3) Decisions of the Property Tax Administrator determining  
11 the taxable property of a railroad company, car company, public  
12 service entity, or air carrier within the state;

13 ~~(4) Decisions of the Property Tax Administrator determining~~  
14 ~~adjusted valuation pursuant to section 79-1016;~~

15 ~~(5)~~ (4) Decisions of any county board of equalization on  
16 the valuation of personal property or any penalties imposed under  
17 sections 77-1233.04 and 77-1233.06;

18 ~~(6)~~ (5) Decisions of any county board of equalization on  
19 claims that a levy is or is not for an unlawful or unnecessary purpose  
20 or in excess of the requirements of the county;

21 ~~(7)~~ (6) Decisions of any county board of equalization  
22 granting or rejecting an application for a homestead exemption;

23 ~~(8)~~ (7) Decisions of the Department of Motor Vehicles  
24 determining the taxable value of motor vehicles pursuant to section  
25 60-3,188;

26 ~~(9)~~ (8) Decisions of the Property Tax Administrator made  
27 under section 77-1330;

1           ~~(10)~~ (9) Any other decision of any county board of  
2 equalization;

3           ~~(11)~~ (10) Any other decision of the Property Tax  
4 Administrator;

5           ~~(12)~~ (11) Decisions of the Tax Commissioner pursuant to  
6 section 77-3520; and

7           ~~(13)~~ (12) Any other decision, determination, action, or  
8 order from which an appeal to the commission is authorized.

9           The commission has the power and duty to hear and grant or  
10 deny relief on petitions.

11           Sec. 7. Section 79-213, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13           79-213. No school district shall receive any portion of  
14 state funds ~~pursuant to the Tax Equity and Educational Opportunities~~  
15 ~~Support Act~~ unless school has been actually taught in the district by  
16 a legally certificated teacher for the length of time required by law  
17 or unless the pupils residing in the district have attended school in  
18 another district for the length of time required by law. At the  
19 discretion of the State Board of Education, the closing of a school  
20 shall not prevent a district from being accredited or receiving its  
21 proper share of state funds when epidemic sickness or severe storm  
22 conditions prevail to such an extent that the school board in any  
23 district deems it advisable to close any or all schools within the  
24 district or when the destruction of the schoolhouse makes it  
25 impossible to continue the school. Such sickness, storm conditions, or  
26 destruction of the schoolhouse shall be sworn to by the secretary of  
27 the school board and the oath filed with the State Board of Education

1 if the school board of the school district is proposing to offer fewer  
2 hours than required by law.

3 Sec. 8. Section 79-413, Revised Statutes Cumulative  
4 Supplement, 2006, as affected by Referendum 2006, No. 422, is amended  
5 to read:

6 79-413. (1) The State Committee for the Reorganization of  
7 School Districts created under section 79-435 may create a new school  
8 district from other districts, change the boundaries of any district  
9 that is not a member of a learning community, or affiliate a Class I  
10 district or portion thereof with one or more existing Class II, III,  
11 IV, or V districts upon receipt of petitions signed by sixty percent  
12 of the legal voters of each district affected. If the petitions  
13 contain signatures of at least sixty-five percent of the legal voters  
14 of each district affected, the state committee shall approve the  
15 petitions. When area is added to a Class VI district or when a Class I  
16 district which is entirely or partially within a Class VI district is  
17 taken from the Class VI district, the Class VI district shall be  
18 deemed to be an affected district.

19 Any petition of the legal voters of a Class I district in  
20 which no city or village is situated which is commenced after January  
21 1, 1996, and proposes the dissolution of the Class I district and the  
22 attachment of a portion of it to two or more districts shall require  
23 signatures of more than fifty percent of the legal voters of such  
24 Class I district. If the state committee determines that such petition  
25 contains valid signatures of more than fifty percent of the legal  
26 voters of such Class I district, the state committee shall grant the  
27 petition.

1           (2)(a) Petitions proposing to change the boundaries of  
2 existing school districts that are not members of a learning community  
3 through the transfer of a parcel of land, not to exceed six hundred  
4 forty acres, shall be approved by the state committee when the  
5 petitions involve the transfer of land between Class I, II, III, or IV  
6 school districts or when there would be an exchange of parcels of land  
7 between Class I, II, III, or IV school districts and the petitions  
8 have the approval of at least sixty-five percent of the school board  
9 of each affected district. If the transfer of the parcel of land is  
10 from a Class I school district to one or more Class II, III, IV, V, or  
11 VI school districts of which the parcel is not a part or with which  
12 the parcel is not affiliated, any Class II, III, IV, V, or VI school  
13 district of which the parcel is not a part or with which the parcel is  
14 affiliated shall be deemed an affected district.

15           (b) The state committee shall not approve a change of  
16 boundaries pursuant to this section relating to affiliation of school  
17 districts if twenty percent or more of any tract of land under common  
18 ownership which is proposing to affiliate is not contiguous to the  
19 high school district with which affiliation is proposed unless (i) one  
20 or more resident students of the tract of land under common ownership  
21 has attended the high school program of the high school district  
22 within the immediately preceding ten-year period or (ii) approval of  
23 the petition or plan would allow siblings of such resident students to  
24 attend the same school as the resident students attended.

25           (3)(a) Petitions proposing to create a new school district,  
26 to change the boundary lines of existing school districts that are not  
27 members of a learning community, to create an affiliated school

1 system, or to affiliate a Class I district in part and to join such  
2 district in part with a Class VI district, any of which involves the  
3 transfer of more than six hundred forty acres, shall, when signed by  
4 at least sixty percent of the legal voters in each district affected,  
5 be submitted to the state committee. In the case of a petition for  
6 affiliation or a petition to affiliate in part and in part to join a  
7 Class VI district, the state committee shall review the proposed  
8 affiliation subject to sections 79-425 and 79-426. The state committee  
9 shall, within forty days after receipt of the petition, hold one or  
10 more public hearings and review and approve or disapprove such  
11 proposal.

12 ~~(b) The state committee shall also review and approve or~~  
13 ~~disapprove incentive payments under section 79-1010.~~

14 ~~(e)~~ (b) If there is a bond election to be held in  
15 conjunction with the petition, the state committee shall hold the  
16 petition until the bond election has been held, during which time  
17 names may be added to or withdrawn from the petitions. The results of  
18 the bond election shall be certified to the state committee.

19 ~~(d)~~ (c) If the bond election held in conjunction with  
20 the petition is unsuccessful, no further action on the petition is  
21 required. If the bond election is successful, within fifteen days  
22 after receipt of the certification of the bond election results, the  
23 state committee shall approve the petition and notify the county clerk  
24 to effect the changes in district boundary lines as set forth in the  
25 petitions.

26 (4) Any person adversely affected by the changes made by the  
27 state committee may appeal to the district court of any county in

1 which the real estate or any part thereof involved in the dispute is  
2 located. If the real estate is located in more than one county, the  
3 court in which an appeal is first perfected shall obtain jurisdiction  
4 to the exclusion of any subsequent appeal.

5 (5) A signing petitioner may withdraw his or her name from a  
6 petition and a legal voter may add his or her name to a petition at  
7 any time prior to the end of the period when the petition is held by  
8 the state committee. Additions and withdrawals of signatures shall be  
9 by notarized affidavit filed with the state committee.

10 Sec. 9. Section 79-479, Revised Statutes Cumulative  
11 Supplement, 2006, is amended to read:

12 79-479. (1)(a) Beginning January 1, 1992, any school  
13 district boundaries changed by the means provided by Nebraska law, but  
14 excluding the method provided by sections 79-407 and 79-473 to 79-475,  
15 shall be made only upon an order issued by the State Committee for the  
16 Reorganization of School Districts or county clerk.

17 (b) The order issued by the state committee shall be  
18 certified to the county clerk of each county in which boundaries are  
19 changed and shall also be certified to the State Department of  
20 Education. Whenever the order changes the boundaries of a school  
21 district due to the transfer of land, the county assessor, the  
22 Property Tax Administrator, and the State Department of Education  
23 shall be provided with the legal description and a map of the parcel  
24 of land which is transferred. Such order shall be issued no later than  
25 June 1 and shall have an effective date no later than August 1 of the  
26 same year. For purposes of determining school district counts pursuant  
27 to sections 79-524 and 79-578, ~~and calculating state aid~~

1 ~~allocations pursuant to the Tax Equity and Educational Opportunities~~  
2 ~~Support Act,~~ any change in school district boundaries with an  
3 effective date between June 1 and August 1 of any year shall be  
4 considered effective July 1 of such year.

5 (2) Unless otherwise provided by state law or by the terms  
6 of an affiliation or reorganization plan or petition which is  
7 consistent with state law, all assets, ~~including budget authority as~~  
8 ~~provided in sections 79-1023 to 79-1030,~~ and liabilities, except  
9 bonded obligations, of school districts merged, dissolved, or annexed  
10 shall be transferred to the receiving district or districts on the  
11 basis of the proportionate share of assessed valuation received at the  
12 time of reorganization.

13 Sec. 10. Section 79-4,111, Revised Statutes Cumulative  
14 Supplement, 2006, as affected by Referendum 2006, No. 422, is amended  
15 to read:

16 79-4,111. The affiliation agreement for a Class I district  
17 that is affiliated with a Class II or III district that is  
18 participating in a unified system shall continue unmodified unless (1)  
19 the Class I district reaffiliates pursuant to section 79-4,109 or (2)  
20 the Class I district's entire valuation is included in the unified  
21 system and the Class I district chooses to participate in the unified  
22 system by becoming a party to the interlocal agreement pursuant to  
23 section 79-4,108. ~~For the purpose of determining the total allowable~~  
24 ~~general fund budget of expenditures minus the special education budget~~  
25 ~~of expenditures pursuant to section 79-1083.03 for Class I districts~~  
26 ~~that are not participating in the unified system, the data for the~~  
27 ~~unified system shall be deemed to be the data for the high school~~

1 ~~district if the primary high school district is a participant in the~~  
2 ~~unified system.~~

3 Sec. 11. Section 79-528, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

5 79-528. (1)(a) On or before July 20 in all school districts,  
6 the superintendent or head administrator shall file with the State  
7 Department of Education a report under oath showing the number of  
8 children from five through eighteen years of age belonging to the  
9 school district according to the census taken as provided in sections  
10 79-524 and 79-578. The report shall identify the number of boys and  
11 the number of girls in each of the respective age categories. On or  
12 before July 20, school districts that are members of learning  
13 communities shall provide the learning community coordinating council  
14 with a copy of the report filed with the department. On or before  
15 August 1, each learning community coordinating council shall file with  
16 the department a report showing the number of children from five  
17 through eighteen years of age belonging to the member school districts  
18 according to the school district reports filed with the department.

19 (b) Each Class I school district which is part of a Class VI  
20 school district offering instruction (i) in grades kindergarten  
21 through five shall report children from five through ten years of age,  
22 (ii) in grades kindergarten through six shall report children from  
23 five through eleven years of age, and (iii) in grades kindergarten  
24 through eight shall report children from five through thirteen years  
25 of age.

26 (c) Each Class VI school district offering instruction (i)  
27 in grades six through twelve shall report children who are eleven

1 through eighteen years of age, (ii) in grades seven through twelve  
2 shall report children who are twelve through eighteen years of age,  
3 and (iii) in grades nine through twelve children who are fourteen  
4 through eighteen years of age.

5 (d) Each Class I district which has affiliated in whole or  
6 in part shall report children from five through thirteen years of age.

7 (e) Each Class II, III, IV, or V district shall report  
8 children who are fourteen through eighteen years of age residing in  
9 Class I districts or portions thereof which have affiliated with such  
10 district.

11 (f) The board of any district neglecting to take and report  
12 the enumeration shall be liable to the school district for all school  
13 money which such district may lose by such neglect.

14 (2) On or before June 30 the superintendent or head  
15 administrator of each school district shall file with the Commissioner  
16 of Education a report under oath described as an  
17 end-of-the-school-year annual statistical summary showing (a) the  
18 number of children attending school during the year under five years  
19 of age, (b) the length of time the school has been taught during the  
20 year by a qualified teacher, (c) the length of time taught by each  
21 substitute teacher, and (d) such other information as the Commissioner  
22 of Education directs. On or before June 30, school districts that are  
23 members of learning communities shall also provide the learning  
24 community coordinating council with a copy of the report filed with  
25 the commissioner. On or before July 15, each learning community  
26 coordinating council shall file with the commissioner a report showing  
27 the number of children from five through eighteen years of age

1 belonging to the member school districts according to the school  
2 district reports filed with the commissioner.

3 (3)(a) On or before November 1 the superintendent or head  
4 administrator of each school district shall submit to the Commissioner  
5 of Education, to be filed in his or her office, a report under oath  
6 described as the annual financial report showing (i) the amount of  
7 money received from all sources during the year and the amount of  
8 money expended by the school district during the year, (ii) the amount  
9 of bonded indebtedness, (iii) such other information as shall be  
10 necessary to fulfill the requirements of ~~the Tax Equity and~~  
11 ~~Educational Opportunities Support Act and~~ section 79-1114, and (iv)  
12 such other information as the Commissioner of Education directs.

13 (b) On or before November 1, school districts that are  
14 members of learning communities shall also provide the learning  
15 community coordinating council with a copy of the report submitted to  
16 the commissioner. On or before November 15, each learning community  
17 coordinating council shall submit to the commissioner, to be filed in  
18 his or her office, a report described as the annual financial report  
19 showing (i) the aggregate amount of money received from all sources  
20 during the year for all member school districts and the aggregate  
21 amount of money expended by member school districts during the year,  
22 (ii) the aggregate amount of bonded indebtedness for all member school  
23 districts, (iii) such other aggregate information as shall be  
24 necessary to fulfill ~~the requirements of the Tax Equity and~~  
25 ~~Educational Opportunities Support Act and~~ section 79-1114 for all  
26 member school districts, and (iv) such other aggregate information as  
27 the Commissioner of Education directs for all member school districts.

1           (4)(a) On or before October 15 of each year, the  
2 superintendent or head administrator of each school district shall  
3 deliver to the department the fall school district membership report,  
4 which report shall include the number of children from birth through  
5 twenty years of age enrolled in the district on the last Friday in  
6 September of a given school year. The report shall enumerate (i)  
7 students by grade level, (ii) school district levies and total  
8 assessed valuation for the current fiscal year, and (iii) such other  
9 information as the Commissioner of Education directs.

10           (b) On or before October 15 of each year, school districts  
11 that are members of learning communities shall also provide the  
12 learning community coordinating council with a copy of the report  
13 delivered to the department. On or before October 31 of each year,  
14 each learning community coordinating council shall deliver to the  
15 department the fall learning community membership report, which report  
16 shall include the aggregate number of children from birth through  
17 twenty years of age enrolled in the member school districts on the  
18 last Friday in September of a given school year for all member school  
19 districts. The report shall enumerate (i) the aggregate students by  
20 grade level for all member school districts, (ii) learning community  
21 levies and total assessed valuation for the current fiscal year, and  
22 (iii) such other information as the Commissioner of Education directs.

23           (c) When any school district or learning community fails to  
24 submit its fall membership report by November 1, the commissioner  
25 shall, after notice to the district and an opportunity to be heard,  
26 direct that any state aid ~~granted pursuant to the Tax Equity and~~  
27 ~~Educational Opportunities Support Act~~ be withheld until such time as

1 the report is received by the department. In addition, the  
2 commissioner shall direct the county treasurer to withhold all school  
3 money belonging to the school district or learning community until  
4 such time as the commissioner notifies the county treasurer of receipt  
5 of such report. The county treasurer shall withhold such money. For  
6 school districts that are members of learning communities, a  
7 determination of school money belonging to the district shall be based  
8 on the proportionate share of state aid and property tax receipts  
9 allocated to the school district by the learning community  
10 coordinating council, and the treasurer of the learning community  
11 coordinating council shall withhold any such school money in the  
12 possession of the learning community from the school district. If a  
13 school district that is a member of a learning community fails to  
14 provide a copy of the report to the learning community coordinating  
15 council on or before October 15, the learning community coordinating  
16 council shall complete the fall learning community membership report  
17 with information from the reports received from other member school  
18 districts.

19 Sec. 12. Section 79-805, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21 ~~79-805. The school board or board of education shall be~~  
22 ~~personally liable for all public money paid to teachers or~~  
23 ~~administrators who are not qualified under sections 79-806 to 79-815.~~

24 A teacher or administrator violating ~~such~~ sections 79-806 to  
25 79-815 shall not recover any money for services while teaching or  
26 servng as an administrator during the time that ~~such~~ his or her  
27 contract and certificate are invalid. Any person having knowledge of

1 the employment by a school district of an uncertified teacher or  
2 administrator may prefer charges against the board.

3 Sec. 13. Section 79-818, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-818. (1) A majority of the members of a school board of  
6 any school district may enter into a contract of employment with a  
7 legally qualified teacher or administrator. Such majority has  
8 authority to designate one or more members of the board to sign such  
9 contract, which signature shall be binding upon the entire board. A  
10 duplicate of such contract shall be filed with the secretary. No  
11 member of the board shall enter into or execute on behalf of the  
12 district any contract with any teacher or administrator related to him  
13 or her or to the majority of the board by blood or marriage  
14 notwithstanding section 49-1499.04. The secretary shall notify the  
15 State Department of Education, at the time the contract is made, of  
16 the length of the proposed term of school and the name of the teacher  
17 or administrator. No money belonging to the district shall be paid for  
18 teaching to any but legally qualified teachers, and a board shall not  
19 pay out money belonging to the school district to any teacher or  
20 administrator after such board has received a sworn statement upon  
21 behalf of a board that the services of the ~~teacher or~~ administrator  
22 in question are under previous contract to that board.

23 (2) On and after the operative date of this section, all  
24 teachers providing instructional services in the school districts and  
25 all teachers providing instructional services through any educational  
26 service unit shall be considered (a) employees of the State of  
27 Nebraska for the purpose of compensation, including salary,

1 retirement, health insurance, disability insurance, and all other  
2 financial employment concerns, including, but not limited to, payment  
3 for periods when a teacher is off work due to illness or other paid  
4 leave and (b) employees of the public schools or educational service  
5 units, as the case may be, for the purpose of hiring, discharge,  
6 discipline, class assignments, course assignments, holiday leave,  
7 sick leave, and vacation leave.

8 (3) On and after the operative date of this section, the  
9 State of Nebraska shall assume all financial obligations of all  
10 contracts with teachers entered into pursuant to subsection (1) of  
11 this section. The financial obligations of any contract with an  
12 administrator entered into pursuant to such subsection shall remain  
13 the obligations of the school district contracting with such  
14 administrator.

15 Sec. 14. Section 79-820, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 79-820. No school board or board of education in the State  
18 of Nebraska shall enter into a contract of employment with a teacher  
19 or administrator who is already under contract with another school  
20 board or board of education within this state covering a part or all  
21 of the same time of performance as the contract with such other board.  
22 No person under contract with any school board or board of education  
23 shall enter into such a contract of employment with another school  
24 board or board of education for part or all of the same time of  
25 performance as his or her contract with such other board. Upon the  
26 receipt of a sworn statement, made for or authorized by such other  
27 board, that a person employed by any board in such capacity is already

1 under contract of employment with such other board for part or all of  
2 the same time of performance as such person is, has been, or will be  
3 so employed by the board, the board, or the State of Nebraska if the  
4 state has assumed the financial obligations of the contract pursuant  
5 to subsection (3) of section 79-818, shall immediately cease payment  
6 of any salary to such teacher or administrator. Any member of a board  
7 of education or school board who knowingly violates any of the  
8 provisions of this section shall be individually and personally liable  
9 for any damages sustained by the other school district.

10 Sec. 15. Not later than July 1, 2007, a teachers bargaining  
11 unit shall be created. The teachers bargaining unit shall consist of  
12 representatives of teachers in the public school districts of  
13 Nebraska. The bargaining unit shall consist of one member from each  
14 legislative district as such districts existed on such date. Members  
15 of the teachers bargaining unit shall be selected by caucus of the  
16 teachers in each legislative district. The teachers bargaining unit  
17 shall represent the teachers in Nebraska public schools for purposes  
18 of collective bargaining described in section 16 of this act.

19 Sec. 16. Beginning with the 2008-09 school year, the Chief  
20 Negotiator as defined in section 81-1371 shall engage in collective  
21 bargaining with the teachers bargaining unit created pursuant to  
22 section 15 of this act with respect to salaries, insurance,  
23 retirement, and other financial benefits which shall apply to all  
24 teachers in Nebraska public schools. The results of such collective  
25 bargaining shall be binding on all employment contracts between a  
26 school district and one or more teachers in such district entered  
27 into pursuant to section 79-818. All other terms and conditions of

1 employment contained in such contract shall be negotiated between the  
2 district and the teacher or teachers of the district.

3 Sec. 17. Section 79-855, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-855. (1) Except as limited by subsection (2) of section  
6 79-854, all certificated employees from a district involved in a  
7 unification or reorganization who are at least fifty-five years of age  
8 on the date of unification or reorganization shall be eligible to  
9 participate in the Retirement Incentive Plan pursuant to this section  
10 if, within fifteen calendar days after receiving notification, the  
11 employee signs an agreement to retire effective on or prior to the  
12 effective date of the unification or reorganization. To receive a  
13 benefit under the Retirement Incentive Plan, a certificated employee  
14 must have completed five years of creditable service prior to the  
15 effective date of retirement.

16 (2) A qualified certificated employee who elects retirement  
17 under the Retirement Incentive Plan shall receive a benefit in the  
18 form of a lump-sum amount, payable in one or two payments. Such  
19 payments shall not be included in the determination of final average  
20 compensation pursuant to the School Employees Retirement Act. The  
21 payments to the certificated employee shall equal seven hundred  
22 dollars for each year of service with the district and shall not  
23 exceed twenty-four thousand five hundred dollars for each certificated  
24 employee receiving benefits under this section.

25 (3) The Retirement Incentive Plan shall be available to  
26 employees only prior to allocation of staff pursuant to section  
27 79-857.

1           (4) Costs of the Retirement Incentive Plan, prior to the  
2 allocation of staff, shall be allocated ~~among the reorganized~~  
3 ~~districts or participating districts in a unification based upon the~~  
4 ~~proportion of valuation each reorganized district receives or each~~  
5 ~~participating district contains. Such costs shall not be included in~~  
6 ~~general fund operating expenditures as defined in section 79-1003 for~~  
7 ~~that fiscal year. paid by the state.~~ Costs associated with  
8 agreements beyond the scope of the Retirement Incentive Plan shall be  
9 the sole responsibility of the ~~reorganized district or unified system~~  
10 ~~involved in the agreement. state.~~

11           (5) Payments made to employees pursuant to the Retirement  
12 Incentive Plan shall be made by the ~~unified system or according to~~  
13 ~~the reorganization plan and, if not specified in the plan, by the~~  
14 ~~reorganized district receiving the largest valuation. state.~~

15           (6) Participation in an early retirement program, other than  
16 the Retirement Incentive Plan, shall not be available to transferring  
17 staff for a period of one year after the date of unification or  
18 reorganization.

19           Sec. 18. Section 79-856, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21           79-856. (1) Except as limited by subsection (2) of section  
22 79-854, all certificated employees from a district involved in a  
23 unification or reorganization who, within fifteen calendar days after  
24 receiving notification of the availability of Staff Development  
25 Assistance pursuant to section 79-854, terminate employment  
26 voluntarily, contract to waive any reduction-in-force rights pursuant  
27 to sections 79-846 to 79-849, and sign a Staff Development Assistance

1 agreement, shall receive one year of Staff Development Assistance.  
2 Staff Development Assistance shall be available to employees only  
3 prior to allocation of staff pursuant to section 79-857.

4 (2) Staff Development Assistance shall not be included in  
5 the determination of final average compensation pursuant to the School  
6 Employees Retirement Act.

7 (3) The Staff Development Assistance agreement shall specify  
8 that:

9 (a) A stipend equal to fifty percent of annual salary shall  
10 be contingent upon enrollment and attendance at a Nebraska state  
11 college or the University of Nebraska; or a stipend equal to  
12 twenty-five percent of annual salary shall be provided if not enrolled  
13 nor in attendance at a Nebraska state college or the University of  
14 Nebraska;

15 (b) The stipend will cease upon attainment of employment of  
16 twenty or more hours per week;

17 (c) The stipend will be paid in the same manner as contract  
18 payments for the most recent contract year;

19 (d) Tuition for two semesters, if applicable, will be paid  
20 directly to the Nebraska state college or the University of Nebraska  
21 and shall equal resident tuition charges plus fees of such school and  
22 will not include costs of books or other instructional materials; and

23 (e) All reduction-in-force rights pursuant to sections  
24 79-846 to 79-849 are waived by signing the agreement.

25 (4) Costs of Staff Development Assistance, prior to the  
26 allocation of staff, shall be ~~allocated among the reorganized~~  
27 ~~districts or participating districts in a unification based upon the~~

1 ~~proportion of valuation each reorganized district receives or each~~  
 2 ~~participating district contains. Such costs shall not be included in~~  
 3 ~~general fund operating expenditures as defined in section 79-1003 for~~  
 4 ~~that fiscal year. Costs associated with agreements beyond the scope~~  
 5 ~~of Staff Development Assistance shall be the sole responsibility of~~  
 6 ~~the reorganized district involved in the agreement. paid by the~~  
 7 ~~state.~~

8 (5) Payments made to employees pursuant to Staff Development  
 9 Assistance shall be made by the ~~unified system or according to the~~  
 10 ~~reorganization plan and, if not specified in the plan, by the~~  
 11 ~~reorganized district receiving the largest valuation. state.~~

12 Sec. 19. Section 79-861, Reissue Revised Statutes of  
 13 Nebraska, is amended to read:

14 79-861. (1) The Governor shall appoint a Professional  
 15 Practices Commission of twelve members nominated by the teaching  
 16 profession and existing teachers professional organizations. Members  
 17 shall be representative of elementary classroom teachers, secondary  
 18 classroom teachers, school administrators, and postsecondary  
 19 education. Members shall be appointed for staggered terms of three  
 20 years. No member may succeed himself or herself more than once.  
 21 Members shall be reimbursed for their actual and necessary expenses as  
 22 provided in sections 81-1174 to 81-1177. Compensation of members who  
 23 are public employees shall not be reduced by the agency or body by  
 24 which they are regularly employed for any absence from service  
 25 occasioned by attendance upon the business of the commission or any  
 26 panel, committee, or subcommittee of the commission. ~~Each school~~  
 27 ~~district which employs a member of the commission and which is~~

1 ~~required to employ a person to replace such member during his or her~~  
2 ~~attendance at meetings of the commission or any panel, committee, or~~  
3 ~~subcommittee of the commission shall be reimbursed from the~~  
4 ~~Professional Practices Commission Fund for the expense the district~~  
5 ~~incurs from employing a replacement.~~

6 (2) The members of the commission shall elect a chairperson  
7 pursuant to the working rules of the commission. The chairperson shall  
8 call meetings of the commission, preside at all meetings of the  
9 commission en banc, assign the work of the commission to the members,  
10 and perform such other supervisory duties as required.

11 (3) A majority of the commission members shall constitute a  
12 quorum to transact business. A hearing panel of not less than seven  
13 commission members shall hear cases brought before the commission.  
14 Members of the hearing panel shall be assigned on a rotating basis.  
15 For purposes of hearings, the act or decision of a majority of the  
16 commission members sitting on the hearing panel shall in all cases be  
17 deemed the final act or decision of the commission.

18 Sec. 20. Section 79-872, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 79-872. Any teacher or administrator employed by a school  
21 district who voluntarily participates in a professional or labor  
22 organization may authorize the withholding from his or her wages of an  
23 amount to be paid to the professional or labor organization. The  
24 school district in the case of administrators, and the State of  
25 Nebraska in the case of teachers, shall make such deduction each  
26 month or pay period and pay the amount deducted to such professional  
27 or labor organization. The school district or the state may charge

1 an amount not to exceed the actual cost incurred ~~by the school~~  
2 ~~district~~ for making such deductions.

3 Sec. 21. Section 79-873, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-873. An authorization for a deduction under section  
6 79-872 shall be in writing, and the form to authorize shall also  
7 include a notice to the employee of his or her right to refuse  
8 authorization. The authorization shall continue in force until revoked  
9 in writing by the employee. The authorization may also authorize the  
10 professional or labor organization to certify annually the amount to  
11 be deducted from each employee's wages, and such certification shall  
12 bind the employee, the school district, the State of Nebraska, and  
13 the organization.

14 Sec. 22. Section 79-874, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 79-874. The school district and the State of Nebraska  
17 shall not be liable to the professional or labor organization for any  
18 claim, demand, or cost arising out of the withholding of authorized  
19 amounts and the transmittal of deductions authorized ~~by the school~~  
20 ~~district employees~~ under sections 79-872 and 79-873.

21 Sec. 23. Section 79-8,137, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23 79-8,137. (1) Prior to receiving any money from a loan  
24 pursuant to the Attracting Excellence to Teaching Program, an eligible  
25 student shall enter into a contract with the department. The contract  
26 shall require that if (a) the borrower is not employed as a teacher in  
27 Nebraska for a time period equal to the number of years required for

1 loan forgiveness pursuant to subsection (2) of this section and is not  
2 enrolled as a full-time student in a graduate program within six  
3 months after obtaining an undergraduate degree for which a loan from  
4 the program was obtained or (b) the borrower does not complete the  
5 requirements for graduation within five consecutive years after  
6 receiving the initial loan under the program, then the loan must be  
7 repaid, with interest at the rate fixed pursuant to section 45-103  
8 accruing as of the date the borrower signed the contract, and an  
9 appropriate penalty as determined by the department may be assessed.  
10 If a borrower fails to remain enrolled at an eligible institution or  
11 otherwise fails to meet the requirements of an eligible student,  
12 repayment of the loan shall commence within six months after such  
13 change in eligibility. The State Board of Education may by rules and  
14 regulations provide for exceptions to the conditions of repayment  
15 pursuant to this subsection based upon mitigating circumstances.

16 (2) If the borrower (a) successfully completes the teacher  
17 education program and becomes certified pursuant to sections 79-806 to  
18 79-815, (b) becomes employed as a teacher in this state within six  
19 months of becoming certified, and (c) otherwise meets the requirements  
20 of the contract, payments shall be suspended for the number of years  
21 that the borrower is required to remain employed as a teacher in this  
22 state under the contract. For each year that the borrower teaches in  
23 Nebraska pursuant to the contract, payments shall be forgiven in an  
24 amount equal to the amount borrowed for one year, except if the  
25 borrower teaches in a school district that is at least partially in a  
26 very sparse local system, ~~classified in the very sparse cost~~  
27 ~~grouping as provided in section 79-1007.02 or teaches in a school~~

1 ~~district in which at least forty percent of the students qualify for~~  
2 ~~the poverty factor as provided in section 79-1007.01, payments shall~~  
3 be forgiven each year in an amount equal to the amount borrowed for  
4 two years.

5 (3) For purposes of this section, a very sparse local  
6 system has (a)(i) less than one-half student per square mile in each  
7 county in which each high school attendance center is located, based  
8 on the school district census, (ii) less than one formula student per  
9 square mile in the local system, and (iii) more than fifteen miles  
10 between the high school attendance center and the next closest high  
11 school attendance center on paved roads or (b)(i) more than four  
12 hundred fifty square miles in the local system, (ii) less than  
13 one-half student per square mile in the local system, and (iii) more  
14 than fifteen miles between each high school attendance center and the  
15 next closest high school attendance center on paved roads.

16 Sec. 24. Section 79-901, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 79-901. Sections 79-901 to 79-977.03 and section 25 of this  
19 act shall be known and may be cited as the School Employees  
20 Retirement Act.

21 Sec. 25. Notwithstanding any other provisions of the School  
22 Employees Retirement Act, contributions required under the act to be  
23 made by the employer shall be made by the State of Nebraska for all  
24 teachers who are members of the retirement system.

25 Sec. 26. Section 79-977, Reissue Revised Statutes of  
26 Nebraska, is amended to read:

27 79-977. Any expenditure made by a school district pursuant

1 to sections 79-934, 79-968, and 79-973 as changed by Laws 1993, LB  
2 292, shall be considered a general fund expenditure of the district  
3 and shall not be exempt from ~~the~~ any growth limitations placed on  
4 district spending by the ~~Tax Equity and Educational Opportunities~~  
5 ~~Support Act.~~ Constitution of Nebraska or state law.

6 Sec. 27. Section 79-978.01, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8 79-978.01. Sections 79-978 to 79-9,116 and section 28 of  
9 this act shall be known and may be cited as the Class V School  
10 Employees Retirement Act.

11 Sec. 28. Notwithstanding any other provisions of the Class  
12 V School Employees Retirement Act, contributions required under the  
13 act to be made by the school district shall be made by the State of  
14 Nebraska for all teachers who are members of the retirement system.

15 Sec. 29. Section 79-1065.01, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 79-1065.01. If the adjustment under section 79-1065 results  
18 in a school district being entitled to the payment of additional  
19 funds, the district may apply to the State Department of Education for  
20 a lump-sum payment for any amount up to one hundred percent of the  
21 adjustment. The department shall notify the Director of Administrative  
22 Services of the amount of funds to be paid in a lump sum, ~~and the~~  
23 ~~reduced amount of the monthly payments pursuant to section 79-1022.~~  
24 The department shall make such payment in a lump sum not later than  
25 the last business day of September of the year in which the final  
26 determination under this section is made, except that when a school  
27 district is to receive a monthly payment of less than one thousand

1 dollars, such payment shall be one lump-sum payment on the last  
2 business day of December during the ensuing school fiscal year.

3 Sec. 30. Section 79-1065.02, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

5 79-1065.02. (1) State aid payments shall be adjusted to  
6 reflect transfers of property due to annexation, to any dissolution of  
7 a Class I school district, and to any reorganization involving one or  
8 more Class I school districts.

9 (2) This section applies whenever:

10 (a) A Class I school district dissolves or reorganizes in  
11 such a manner that the parcels of property making up the Class I  
12 district prior to the dissolution or reorganization which were  
13 affiliated with a Class II, III, IV, or V school district do not  
14 become part of the Class II, III, IV, or V school district with which  
15 such parcels of property were affiliated; or

16 (b) Property within the boundaries of a Class II, III, IV,  
17 V, or VI school district is transferred to another school district due  
18 to a change in the school district boundaries in response to  
19 annexation of the transferred property by a city or village.

20 (3) To qualify for additional state aid pursuant to this  
21 section, the school district from which property is being transferred  
22 shall apply on a form prescribed by the State Department of Education  
23 on or before August 20 preceding the first school fiscal year for  
24 which the property will not be available for taxation for the school  
25 district's general fund levy. On or before such deadline, the  
26 applicant school district shall send copies of the application to the  
27 high school districts of the local systems receiving valuation in the

1 transfer. For purposes of this section, property is deemed transferred  
2 from the school district whether the property was within the  
3 boundaries of the school district or the property was affiliated with  
4 the school district.

5 (4) Upon receipt of the application, the department, with  
6 the assistance of the Property Tax Administrator, shall calculate the  
7 amount of additional state aid, if any, that ~~the local system, as~~  
8 ~~defined in section 79-1003, for~~ the applicant school district would  
9 have received for such school fiscal year if the adjusted valuation  
10 for the transferred property had not been included in the adjusted  
11 valuation of such local system for the calculation of state aid for  
12 such school fiscal year. On or before September 20 of such school  
13 fiscal year, the department shall certify to the applicant school  
14 district the amount of additional state aid, if any, the district will  
15 receive. ~~Except as otherwise provided in this subsection, if such~~  
16 ~~applicant school district receives a lump sum payment pursuant to~~  
17 ~~subsection (2) of section 79-1022, such lump sum payment shall be~~  
18 ~~increased by the amount of additional state aid.~~ Except as otherwise  
19 provided in this subsection, ~~if such applicant school district does~~  
20 ~~not receive a lump sum payment pursuant to such subsection,~~ state aid  
21 payments shall be increased by one-tenth of the amount of additional  
22 state aid for each of the ten state aid payments for such school  
23 fiscal year. If a portion of the total reduction calculated pursuant  
24 to subsection (5) of this section for local systems receiving  
25 valuation in the transfer of property that is the subject of the  
26 application is delayed until future years, the additional state aid to  
27 be paid in the school fiscal year described in subsection (3) of this

1 section shall be reduced by the amount of the total reduction that is  
2 delayed until future years. The amount of the reduction shall be paid  
3 as additional aid in the next school fiscal year.

4 (5) The state aid payments shall be reduced for the high  
5 school district of each receiving local system. An amount equal to the  
6 additional state aid calculated pursuant to subsection (4) of this  
7 section for the local system of an applicant school district shall be  
8 attributed to the local systems receiving valuation in such transfer  
9 based upon the ratio of the adjusted valuation received by each local  
10 system divided by the total adjusted valuation transferred from the  
11 applicant school district. ~~If such high school district receives a~~  
12 ~~lump sum payment pursuant to subsection (2) of section 79-1022, such~~  
13 ~~lump sum payment shall be reduced by the amount attributed to the~~  
14 ~~receiving local system. If the high school district of a receiving~~  
15 ~~local system does not receive a lump sum payment pursuant to such~~  
16 ~~subsection, state~~ State aid payments shall be reduced by one-tenth  
17 of the amount attributed to such receiving local system for each of  
18 the ten state aid payments for such school fiscal year. If the total  
19 reduction is greater than the total state aid payments for such school  
20 fiscal year, the remainder shall be subtracted from state aid payments  
21 in future school fiscal years until the total reduction has been  
22 subtracted from state aid payments. On or before September 20 of such  
23 school fiscal year, the department shall certify to the high school  
24 district of the receiving local system the amount of the reduction in  
25 state aid.

26 (6) For purposes of the final calculation of state aid  
27 pursuant to section 79-1065, the adjusted valuation of the property

1 that was transferred shall also be transferred for purposes of  
2 adjusted valuation for the final calculation of state aid. For  
3 determining adjustments in state aid pursuant to section 79-1065, the  
4 final calculation of state aid shall be compared to the state aid  
5 certified for such school fiscal year combined with any adjustments in  
6 state aid payments and transfers from other districts pursuant to this  
7 section.

8 Sec. 31. Section 79-1073, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10 79-1073. On or before October 1 for each year, each learning  
11 community coordinating council shall determine the expected amounts to  
12 be distributed to each member school district from general fund  
13 property tax receipts and shall certify such amounts to each member  
14 school district and the State Department of Education. Such property  
15 tax receipts shall be divided among member school districts  
16 proportionally, ~~based on the difference of one hundred ten percent~~  
17 ~~of the school district's formula need calculated pursuant to section~~  
18 ~~79-1007.02 minus the sum of the state aid certified pursuant to~~  
19 ~~section 79-1022 and the other actual receipts included in local~~  
20 ~~system formula resources pursuant to section 79-1018.01,~~ except that  
21 no school district shall receive property tax receipts in excess of  
22 ~~the lesser of such difference or~~ the school district's property tax  
23 request.

24 Each time a learning community coordinating council  
25 distributes property tax receipts to member school districts, the  
26 amount to be distributed to each district shall be proportional based  
27 on the total amounts to be distributed to each member school district

1 for the school fiscal year.

2 Sec. 32. Section 79-1073.01, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4 79-1073.01. Amounts levied by learning communities for  
5 special building funds for member school districts pursuant to  
6 subdivision ~~(2)(f)~~ (2)(e) of section 77-3442 shall be distributed  
7 to all member school districts proportionally based on the ~~formula~~  
8 ~~students used in the most recent certification of state aid pursuant~~  
9 ~~to section 79-1022.~~ reports filed pursuant to subsection (1) of  
10 section 79-528 for the immediately preceding school year.

11 Any amounts distributed pursuant to this section shall be  
12 used by the member school districts for special building funds.

13 Sec. 33. Section 79-1083.01, Reissue Revised Statutes of  
14 Nebraska, is amended to read:

15 79-1083.01. It is the intent of the Legislature that any  
16 reductions in a school district budget, made to comply with ~~the~~ any  
17 budget limitation in the ~~Tax Equity and Educational Opportunities~~  
18 ~~Support Act,~~ Constitution of Nebraska or state law, affect  
19 classroom expenses as a last resort.

20 Sec. 34. Section 79-1089, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 79-1089. In each school district the school board shall  
23 cause to be examined annually by a public accountant or by a certified  
24 public accountant all financial records which are maintained directly  
25 or indirectly in the administration and management of public school  
26 funds. Rules and regulations governing the scope, extent, pattern, and  
27 report of the examination shall be adopted and promulgated by the

1 State Board of Education with the advice and counsel of the Auditor of  
2 Public Accounts. A copy of the report shall be filed with the  
3 Commissioner of Education and the Auditor of Public Accounts on or  
4 before November 5. A copy of the report regarding the examination of a  
5 Class I school district shall be filed with the Commissioner of  
6 Education on or before November 5. When any school district fails to  
7 comply with this section, the commissioner shall, after notice to the  
8 district and an opportunity to be heard, direct that any state aid  
9 ~~granted pursuant to the Tax Equity and Educational Opportunities~~  
10 ~~Support Act~~ be withheld until such time as the district has complied  
11 with this section. In addition, the commissioner shall direct the  
12 county treasurer to withhold all school money belonging to the school  
13 district until such time as the commissioner notifies the county  
14 treasurer of compliance by the district with this section. The county  
15 treasurer shall withhold such money. If the school district does not  
16 comply with this section prior to the end of the state's biennium  
17 following the biennium which included the fiscal year for which state  
18 aid was calculated, the state aid funds shall revert to the General  
19 Fund. ~~The amount of any reverted funds shall be included in data~~  
20 ~~provided to the Governor in accordance with section 79-1031.~~

21 Sec. 35. Section 79-1090, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23 79-1090. When a school board of any class of school district  
24 fails to approve a school district budget on or before the date  
25 required by subsection (1) of section 13-508, the superintendent of  
26 the primary high school district shall prepare and file a budget  
27 document in accordance with the Nebraska Budget Act for the school

1 district's general fund and for each other fund for which the district  
2 budgeted in the immediately preceding fiscal year. The document shall  
3 use the total budget of expenditures and cash reserves from the  
4 immediately preceding school fiscal year, except that in no case shall  
5 the budget of expenditures or cash reserves exceed any limits  
6 prescribed in the ~~Tax Equity and Educational Opportunities Support~~  
7 ~~Act or other~~ Constitution of Nebraska or state laws. law. The  
8 superintendent shall also estimate the revenue from sources other  
9 than property tax for each fund in accordance with subdivision (1)(c)  
10 of section 13-504, ~~and section 79-1022.~~

11 Sec. 36. Section 79-10,120, Revised Statutes Cumulative  
12 Supplement, 2006, is amended to read:

13 79-10,120. The school board or board of education of a Class  
14 II, III, IV, V, or VI school district may establish a special fund for  
15 purposes of acquiring sites for school buildings or teacherages,  
16 purchasing existing buildings for use as school buildings or  
17 teacherages, including the sites upon which such buildings are  
18 located, and the erection, alteration, equipping, and furnishing of  
19 school buildings or teacherages and additions to school buildings for  
20 elementary and high school grades and for no other purpose. For school  
21 districts that are not members of learning communities, the fund shall  
22 be established from the proceeds of an annual levy, to be determined  
23 by the board, of not to exceed fourteen cents on each one hundred  
24 dollars upon the taxable value of all taxable property in the district  
25 which shall be in addition to any other taxes authorized to be levied  
26 for school purposes. Such tax shall be levied and collected as are  
27 other taxes for school purposes. For school districts that are members

1 of a learning community, such fund shall be established from the  
2 proceeds of the learning community special building funds levy  
3 directed to the school district for such purpose pursuant to  
4 subdivision ~~(2)(f)~~ (2)(e) of section 77-3442 and the proceeds of  
5 any school district special building fund levy pursuant to subdivision  
6 (2)(b) of section 77-3442.

7 Sec. 37. Section 79-10,124, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 79-10,124. The amount of special tax levied under sections  
10 79-10,122 to 79-10,125 shall not exceed five cents on each one hundred  
11 dollars upon the taxable value of all taxable property in the school  
12 district above the amount allowed by law for general school purposes  
13 when combined with the tax levied by a Class I district under section  
14 79-10,110, and the total amount voted for the period of years shall  
15 not exceed five percent of the taxable valuation of the school  
16 district.

17 ~~For Class I districts, the school board of the primary high~~  
18 ~~school district designated pursuant to section 79-1083.02 must approve~~  
19 ~~any use of the special tax levied under sections 79-10,110 and~~  
20 ~~79-10,122 to 79-10,125 and provide written notification of such~~  
21 ~~approval to the Class I district school board.~~

22 Sec. 38. Section 79-1103, Revised Statutes Cumulative  
23 Supplement, 2006, is amended to read:

24 79-1103. (1)(a) The State Department of Education shall  
25 establish and administer the Early Childhood Education Grant Program.  
26 Upon the effective date of an endowment agreement, administration of  
27 the Early Childhood Education Grant Program with respect to programs

1 for children from birth to age three shall transfer to the board of  
2 trustees. If there is no endowment agreement in effect, the department  
3 shall request proposals in accordance with this section for all early  
4 childhood education programs from school districts, individually or in  
5 cooperation with other school districts or educational service units,  
6 working in cooperation with existing nonpublic programs which meet the  
7 requirements of subsection (2) of section 79-1104. If there is an  
8 endowment agreement in effect, the board of trustees shall administer  
9 the Early Childhood Education Grant Program with respect to programs  
10 for children from birth to age three pursuant to section 79-1104.02  
11 and the department shall continue to administer the Early Childhood  
12 Education Grant Program with respect to other prekindergarten programs  
13 pursuant to sections 79-1101 to 79-1104.05. All administrative  
14 procedures of the board of trustees, including, but not limited to,  
15 rules, grant applications, and funding mechanisms, shall harmonize  
16 with those established by the department for other prekindergarten  
17 programs.

18 (b) The first priority shall be for ~~(i)~~ continuation  
19 grants for programs that received grants in the prior school fiscal  
20 year, ~~and for which the state aid calculation pursuant to the Tax~~  
21 ~~Equity and Educational Opportunities Support Act does not include~~  
22 ~~early childhood education students,~~ in an amount equal to the amount  
23 of such grant, except that if the grant was a first-year grant the  
24 amount shall be reduced by thirty-three percent, ~~, and (ii)~~  
25 ~~continuation grants for programs for which the state aid calculation~~  
26 ~~pursuant to the act includes early childhood education students, in~~  
27 ~~an amount equal to the amount of the grant for the school fiscal year~~

~~prior to the first school fiscal year for which early childhood education students were included in the state aid calculation for the school district's local system minus the calculated state aid amount. The calculated state aid amount shall be calculated by multiplying the cost grouping cost per student for the school district's local system cost grouping by the adjusted formula students attributed to the early childhood education programs pursuant to the Tax Equity and Educational Opportunities Support Act.~~

(c) The second priority shall be for new grants and expansion grants for programs that will serve at-risk children who will be eligible to attend kindergarten the following school year. New grants may be given for up to three years in an amount up to one-half of the total budget of the program per year. Expansion grants may be given for one year in an amount up to one-half of the budget for expanding the capacity of the program to serve additional children.

(d) The third priority shall be for new grants, expansion grants, and continuation grants for programs serving children younger than those who will be eligible to attend kindergarten the following school year. New grants may be given for up to three years in an amount up to one-half the total budget of the program per year. Expansion grants may be given for one year in an amount up to one-half the budget for expanding the capacity of the program to serve additional children. Continuation grants under this priority may be given annually in an amount up to one-half the total budget of the program per year minus any continuation grants received under the first priority.

(e) Programs serving children who will be eligible to attend

1 kindergarten the following school year shall be accounted for  
2 separately for grant purposes from programs serving younger children,  
3 but the two types of programs may be combined within the same  
4 classroom to serve multi-age children. Programs that receive grants  
5 for school fiscal years prior to school fiscal year 2005-06 to serve  
6 both children who will be eligible to attend kindergarten the  
7 following school year and younger children shall account for the two  
8 types of programs separately for grant purposes beginning with school  
9 year 2005-06 and shall be deemed to have received grants prior to  
10 school fiscal year 2005-06 for each year that grants were received for  
11 the types of programs representing the age groups of the children  
12 served.

13 (2) Each program proposal which is approved by the  
14 department shall include (a) a planning period, (b) an agreement to  
15 participate in periodic evaluations of the program to be specified by  
16 the department, (c) evidence that the program will be coordinated or  
17 contracted with existing programs, including those listed in  
18 subdivision (d) of this subsection and nonpublic programs which meet  
19 the requirements of subsection (2) of section 79-1104, (d) a plan to  
20 coordinate and use a combination of local, state, and federal funding  
21 sources, including, but not limited to, programs for children with  
22 disabilities below five years of age funded through the Special  
23 Education Act, the Early Intervention Act, funds available through the  
24 flexible funding provisions under the Special Education Act, the  
25 federal Head Start program, 42 U.S.C. 9831 et seq., the federal Even  
26 Start Family Literacy Program, 20 U.S.C. 6361 et seq., Title I of the  
27 federal Improving America's Schools Act of 1994, 20 U.S.C. 6301 et

1 seq., and child care assistance through the Department of Health and  
2 Human Services, (e) a plan to use sliding fee scales and the funding  
3 sources included in subdivision (d) of this subsection to maximize the  
4 participation of economically and categorically diverse groups and to  
5 ensure that participating children and families have access to  
6 comprehensive services, (f) the establishment of an advisory body  
7 which includes families and community members, (g) the utilization of  
8 appropriately qualified staff, (h) an appropriate child-to-staff  
9 ratio, (i) appropriate group size, (j) compliance with minimum health  
10 and safety standards, (k) appropriate facility size and equipment, (l)  
11 a strong family development and support component recognizing the  
12 central role of parents in their children's development, (m)  
13 developmentally and culturally appropriate curriculum, practices, and  
14 assessment, (n) sensitivity to the economic and logistical needs and  
15 circumstances of families in the provision of services, (o)  
16 integration of children of diverse social and economic  
17 characteristics, (p) a sound evaluation component, including at least  
18 one objective measure of child performance and progress, (q)  
19 continuity with programs in kindergarten and elementary grades, (r)  
20 instructional hours that are similar to or less than the instructional  
21 hours for kindergarten, (s) well-defined language development and  
22 early literacy emphasis, including the involvement of parents in  
23 family literacy activities, (t) a plan for ongoing professional  
24 development of staff, and (u) inclusion of children with disabilities  
25 as defined in the Special Education Act, all as specified by rules and  
26 regulations of the department in accordance with sound early childhood  
27 educational practice.

1           (3) The department shall make an effort to fund programs  
2 widely distributed across the state in both rural and urban areas.

3           (4) A report evaluating the programs shall be made to the  
4 State Board of Education and the Legislature by January 1 of each  
5 odd-numbered year. Up to five percent of the total appropriation for  
6 the Early Childhood Education Grant Program may be reserved by the  
7 department for evaluation and technical assistance for the programs.

8           (5) Programs may be approved for purposes of ~~the Tax Equity~~  
9 ~~and Educational Opportunities Support Act,~~ expansion grants, and  
10 continuation grants on the submission of a continuation plan  
11 demonstrating that the program will continue to meet the requirements  
12 of subsection (2) of this section and a proposed operating budget  
13 demonstrating that the program will continue to receive resources from  
14 other sources equal to or greater than the sum of any grant received  
15 pursuant to this section for the prior school year plus any  
16 ~~calculated state aid as~~ state aid ~~calculated pursuant to~~  
17 ~~subsection (1) of this section~~ for the prior school year.

18           (6) The State Board of Education may adopt and promulgate  
19 rules and regulations to implement the Early Childhood Education Grant  
20 Program, except that if there is an endowment agreement in effect, the  
21 board of trustees shall recommend any rules and regulations relating  
22 specifically to the Early Childhood Education Grant Program with  
23 respect to programs for children from birth to age three. It is the  
24 intent of the Legislature that the rules and regulations for programs  
25 for children from birth to age three be consistent to the greatest  
26 extent possible with those established for other prekindergarten  
27 programs.

1           Sec. 39. Section 79-1104, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           79-1104. (1) Any school board in its discretion may (a)  
4 establish and financially support programs providing  
5 before-and-after-school or prekindergarten services, to which  
6 attendance shall be voluntary and which the board may deem beneficial  
7 to the education of prekindergarten or school-age children and (b)  
8 provide or financially support transportation for children to, from,  
9 or to and from programs as defined in section 71-1910. The board may  
10 charge a fee, not to exceed the actual cost, for providing such  
11 programs and services but may waive such fee on the basis of need.  
12 This section does not allow any school district to fail to meet its  
13 responsibilities under the Special Education Act.

14           (2) Prekindergarten programs established by school boards or  
15 educational service units shall be approved by the State Department of  
16 Education subject to regulations adopted and promulgated by the State  
17 Board of Education and may include such components as (a) the  
18 utilization of appropriately qualified staff, (b) an appropriate  
19 child-to-staff ratio, (c) appropriate group size, (d) compliance with  
20 minimum health and safety standards, (e) appropriate facility size and  
21 equipment, (f) a strong family development and support component, (g)  
22 developmentally and culturally appropriate curriculum, practices, and  
23 assessment, (h) well-defined language development and early literacy  
24 emphasis, and (i) a plan for ongoing professional development of  
25 staff, all in accordance with sound early childhood educational  
26 practice, research, and evaluation. All teachers and administrators in  
27 prekindergarten programs established pursuant to this section shall

1 hold a valid certificate or permit issued pursuant to sections 79-806  
2 to 79-815, and payment of the salaries of such teachers and  
3 administrators shall be subject to section 79-818. The State Board of  
4 Education shall adopt and promulgate rules and regulations for the  
5 issuance of such permits or certificates required by this section.

6 Sec. 40. Section 79-1108.02, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8 79-1108.02. (1) ~~Beginning with school fiscal year 1998-99,~~  
9 ~~the~~ The Legislature shall appropriate funds to be distributed by  
10 the department pursuant to ~~subsections (2) and (3)~~ subsection (2)  
11 of this section to local systems ~~as defined in section 79-1003~~  
12 annually on or before October 15. It is the intent of the  
13 Legislature to appropriate, for FY1998-99, six million dollars and,  
14 for FY1999-00 and each fiscal year thereafter, the amount of the  
15 previous year's appropriation increased by the percentage growth in  
16 identified participating students, ~~plus the basic allowable growth~~  
17 ~~rate in section 79-1025, to carry out this section.~~

18 ~~(2) For school fiscal years through 2000-01, five percent~~  
19 ~~of the appropriation under subsection (1) of this section shall be~~  
20 ~~reserved for distribution as grants to local systems for startup~~  
21 ~~costs as defined by the State Board of Education. The funds~~  
22 ~~distributed pursuant to this subsection shall be distributed based on~~  
23 ~~a pro rata share of the eligible costs submitted in grant~~  
24 ~~applications.~~

25 ~~(3)~~ (2) Local systems may apply to the department for  
26 base funds and matching funds pursuant to this section to be spent on  
27 approved accelerated or differentiated curriculum programs. Each

1 eligible local system shall receive one-tenth of one percent of the  
2 appropriation as base funds plus a pro rata share of the remainder of  
3 the appropriation based on identified students participating in an  
4 accelerated or differentiated curriculum program, up to ten percent of  
5 the prior year's fall membership as defined in section ~~79-1003,~~  
6 79-1241.01, as matching funds. Eligible local systems shall:

7 (a) Provide an approved accelerated or differentiated  
8 curriculum program for students identified as learners with high  
9 ability;

10 (b) Provide funds from other sources for the approved  
11 accelerated or differentiated curriculum program greater than or equal  
12 to fifty percent of the matching funds received pursuant to this  
13 subsection;

14 (c) Provide an accounting of the funds received pursuant to  
15 this section, funds required by subdivision (b) of this subsection,  
16 and the total cost of the program on or before August 1 of the year  
17 following the receipt of funds in a manner prescribed by the  
18 department, not to exceed one report per year;

19 (d) Provide data regarding the academic progress of students  
20 participating in the accelerated or differentiated curriculum program  
21 in a manner prescribed by the department, not to exceed one report per  
22 year; and

23 (e) Include identified students from Class I districts that  
24 are part of the local system in the accelerated or differentiated  
25 curriculum program.

26 If a local system will not be providing the necessary  
27 matching funds pursuant to subdivision (b) of this subsection, the

1 local system shall request a reduction in the amount received pursuant  
2 to this subsection such that the local system will be in compliance  
3 with such subdivision. Local systems not complying with the  
4 requirements of this subsection shall not be eligible local systems in  
5 the following year.

6 (3) For purposes of this section: (a) Fall membership means  
7 the total membership in kindergarten through grade twelve attributable  
8 to the local system as reported on the fall school district  
9 membership reports for each district pursuant to section 79-528; and  
10 (b) local system means a learning community or a Class II, III, IV,  
11 or V district that is not a member of a learning community. The  
12 membership, expenditures, and resources of Class I districts that are  
13 affiliated with multiple high school districts shall be attributed to  
14 local systems based on the percentage of the Class I valuation that  
15 is affiliated with each high school district.

16 Sec. 41. Section 79-1223, Revised Statutes Cumulative  
17 Supplement, 2006, is amended to read:

18 79-1223. In order to carry out the purposes provided in  
19 section 79-1204, educational service units may purchase, lease, or  
20 lease-purchase real estate, equipment, supplies, services, and  
21 personal property for their own use. Educational service units may,  
22 either individually or collectively, purchase, lease, lease-purchase,  
23 or act as purchase agent for administrative and instructional  
24 supplies, instructional equipment, instructional services, and  
25 personal property for resale only to educational entities as defined  
26 in section 79-1332. When an educational service unit advertises for  
27 bids for administrative or instructional supplies, instructional

1 equipment, instructional services, and personal property, acceptance  
2 of any bid submitted to the educational service unit shall obligate  
3 the educational service unit to award the contract in accordance with  
4 the plans and specifications and in the quantities set forth in the  
5 bid documents. On and after the operative date of this section,  
6 payment for instructional services provided by certificated teachers  
7 pursuant to contracts awarded under this section shall be made by the  
8 State of Nebraska.

9 Sec. 42. Section 79-1235, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11 79-1235. The contract of a certificated employee shall be  
12 deemed renewed and remain in full force and effect unless amended,  
13 terminated, or not renewed in accordance with sections 79-1234 to  
14 79-1239. On and after the operative date of this section, payment of  
15 salary and benefits pursuant to a contract with a certificated teacher  
16 under this section shall be made by the State of Nebraska.

17 Sec. 43. Section 79-1241, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 79-1241. (1) Funds appropriated for core services shall be  
20 distributed proportionally to each educational service unit by the  
21 State Department of Education based on the fall membership in member  
22 districts in the preceding school fiscal year, except that no  
23 educational service unit shall receive less than two and one-half  
24 percent of the funds appropriated for core services.

25 (2) Any funds appropriated for distribution pursuant to this  
26 section for school fiscal year 2003-04 and each school fiscal year  
27 thereafter shall be distributed in ten as nearly as possible equal

1 payments on the first business day of each month beginning in  
2 September of each school fiscal year and ending in June. Funds  
3 distributed pursuant to this section shall be used for core services  
4 with the approval of representatives of two-thirds of the member  
5 school districts, representing a majority of the students in the  
6 member school districts. If a member school district provides evidence  
7 satisfactory to the educational service unit that the district will  
8 provide core services for itself in a cost-efficient manner, the  
9 educational service unit may distribute funds directly to the district  
10 to be used for providing core services, or if all member school  
11 districts within the boundaries of an educational service unit  
12 together provide evidence satisfactory to the State Department of  
13 Education that the districts will provide core services for themselves  
14 in a more cost-efficient manner than the educational service unit, the  
15 department shall distribute funds directly to the districts to be used  
16 for providing core services.

17 (3) If two or more educational service units merge, the  
18 resulting merged educational service unit shall, for each of the two  
19 fiscal years following the fiscal year in which the merger takes  
20 place, receive core services funds under this section in an amount not  
21 less than the total of the core services funds that each of the  
22 merging educational service units received in the fiscal year  
23 immediately preceding the merger, except that if the appropriation for  
24 core services funds for either of the two fiscal years following the  
25 fiscal year in which the merger takes place is less than the  
26 appropriation for such funds for the fiscal year immediately preceding  
27 the merger, core services funds shall be reduced by a percentage equal

1 to the ratio of the difference of such appropriation for the fiscal  
2 year immediately preceding the merger minus the appropriation for the  
3 fiscal year in question divided by the appropriation for the fiscal  
4 year immediately preceding the merger. Thereafter the distribution of  
5 core services funds to the merged educational service unit shall be as  
6 provided in subsection (1) of this section.

7 (4) This section terminates on July 1, 2008.

8 Sec. 44. Section 79-1241.01, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10 79-1241.01. To carry out sections 79-1241 and 79-1243, it is  
11 the intent of the Legislature to appropriate for each fiscal year the  
12 amount appropriated in the prior year increased by the percentage  
13 growth in the fall membership of member districts, ~~plus the basic~~  
14 ~~allowable growth rate described in section 79-1025.~~ For purposes of  
15 this section, fall membership ~~has the same meaning as in section~~  
16 ~~79-1003.~~ means the total membership in kindergarten through grade  
17 twelve attributable to the school district as reported on the fall  
18 school district membership reports for each district pursuant to  
19 section 79-528. Fall membership data used to compute growth shall be  
20 from the two most recently available fall membership reports.

21 This section terminates on July 1, 2008.

22 Sec. 45. Section 79-1337, Revised Statutes Cumulative  
23 Supplement, 2006, is amended to read:

24 79-1337. (1) For fiscal years 2007-08 through 2015-16, the  
25 State Department of Education shall provide distance education  
26 incentives from the Education Innovation Fund to school districts and  
27 educational service units for qualified distance education courses and

1 coordinated through the Distance Education Council as provided in this  
2 section.

3 (2) School districts and educational service units shall  
4 apply for incentives annually to the department on or before August 1  
5 on a form specified by the department. The application shall:

6 (a) For school districts, specify (i) the qualified distance  
7 education courses which were received by students in the membership of  
8 the district in the then-current school fiscal year and which were not  
9 taught by a teacher employed by the school district and (ii) for each  
10 such course (A) the number of students in the membership of the  
11 district who received the course, (B) the educational entity employing  
12 the teacher, and (C) whether the course was a two-way interactive  
13 video distance education course; ~~and~~

14 (b) For school districts and educational service units,  
15 specify (i) the qualified distance education courses which were  
16 received by students in the membership of another educational entity  
17 in the then-current school fiscal year and which were taught by a  
18 teacher employed by the school district or educational service unit,  
19 (ii) for each such course for school districts, the number of students  
20 in the membership of the district who received the course, and (iii)  
21 for each such course (A) the other educational entities in which  
22 students received the course and how many students received the course  
23 at such educational entities, (B) any sparse or very sparse school  
24 districts ~~in the sparse cost grouping or the very sparse cost~~  
25 ~~grouping as described in section 79-1007.02~~ that had at least one  
26 student in the membership who received the course, and (C) whether  
27 the course was a two-way interactive video distance education course;

1 -

2 (c) For purposes of this section, a sparse school district  
3 is a district which does not meet the requirements of subdivision (d)  
4 of this subsection but which has: (i)(A) Less than two students per  
5 square mile in the county in which each high school is located, based  
6 on the school district census, (B) less than one formula student per  
7 square mile in the school district, and (C) more than ten miles  
8 between each high school attendance center and the next closest high  
9 school attendance center on paved roads; (ii)(A) less than one and  
10 one-half formula students per square mile in the school district and  
11 (B) more than fifteen miles between each high school attendance  
12 center and the next closest high school attendance center on paved  
13 roads; (iii)(A) less than one and one-half formula students per  
14 square mile in the school district and (B) more than two hundred  
15 seventy-five square miles in the school district; or (iv)(A) less  
16 than two formula students per square mile in the school district and  
17 (B) the school district includes an area equal to ninety-five percent  
18 or more of the square miles in the largest county in which a high  
19 school attendance center is located in the school district; and

20 (d) For purposes of this subsection, a very sparse school  
21 district has (i)(A) less than one-half student per square mile in each  
22 county in which each high school attendance center is located, based  
23 on the school district census, (B) less than one formula student per  
24 square mile in the school district, and (C) more than fifteen miles  
25 between the high school attendance center and the next closest high  
26 school attendance center on paved roads or (ii)(A) more than four  
27 hundred fifty square miles in the school district, (B) less than

1 one-half student per square mile in the school district, and (C) more  
2 than fifteen miles between each high school attendance center and the  
3 next closest high school attendance center on paved roads.

4 (3) On or before September 1 of each year, the department  
5 shall certify the incentives to be paid to each school district and  
6 educational service unit on or before October 1 of each year. The  
7 incentives for each district shall be calculated as follows:

8 (a) Each district shall receive distance education units for  
9 each qualified distance education course as follows:

10 (i) One distance education unit for each qualified distance  
11 education course received as reported pursuant to subdivision (2)(a)  
12 of this section if the course was a two-way interactive video distance  
13 education course;

14 (ii) One distance education unit for each qualified distance  
15 education course sent as reported pursuant to subdivision (2)(b) of  
16 this section if the course was not received by at least one student  
17 who was in the membership of another sparse or very sparse school  
18 district; ~~which was in the sparse cost grouping or the very sparse~~  
19 ~~cost grouping;~~

20 (iii) One distance education unit for each qualified  
21 distance education course sent as reported pursuant to subdivision  
22 (2)(b) of this section if the course was received by at least one  
23 student who was in the membership of another sparse or very sparse  
24 school district ~~which was in the sparse cost grouping or the very~~  
25 ~~sparse cost grouping,~~ but the course was not a two-way interactive  
26 video distance education course; and

27 (iv) Two distance education units for each qualified

1 distance education course sent as reported pursuant to subdivision  
2 (2)(b) of this section if the course was received by at least one  
3 student who was in the membership of another sparse or very sparse  
4 school district ~~which was in the sparse cost grouping or the very~~  
5 ~~sparse cost grouping~~ and the course was a two-way interactive video  
6 distance education course;

7 (b) The difference of the amount available for distribution  
8 in the Education Innovation Fund on the August 1 when the applications  
9 were due minus any amount to be paid to school districts pursuant to  
10 section 79-1336 shall be divided by the number of distance education  
11 units to determine the incentive per distance education unit, except  
12 that the incentive per distance education unit shall not equal an  
13 amount greater than one thousand dollars; and

14 (c) The incentives for each school district shall equal the  
15 number of distance education units calculated for the school district  
16 multiplied by the incentive per distance education unit.

17 (4) The department may verify any or all application  
18 information using annual curriculum reports and may request such  
19 verification from the Distance Education Council.

20 (5) On or before October 1 of each year, a school district  
21 or educational service unit may appeal the denial of incentives for  
22 any course by the department to the State Board of Education. The  
23 board shall allow a representative of the school district or  
24 educational service unit an opportunity to present information  
25 concerning the appeal to the board at the November board meeting. If  
26 the board finds that the course meets the requirements of this  
27 section, the department shall pay the district from the Education

1 Innovation Fund as soon as practical in an amount for which the  
2 district or educational service unit should have qualified based on  
3 the incentive per distance education unit used in the original  
4 certification of incentives pursuant to this section.

5 (6) The State Board of Education shall adopt and promulgate  
6 rules and regulations to carry out this section.

7 Sec. 46. Section 79-2102, Revised Statutes Cumulative  
8 Supplement, 2006, is amended to read:

9 79-2102. (1) On or before August 1, 2006, and on or before  
10 August 1 following the official designation of any new city of the  
11 metropolitan class or any valid request to form a new learning  
12 community, the Secretary of State shall certify the establishment of a  
13 new learning community with an effective date of September 1 of the  
14 year of such certification to the county clerks and county assessors  
15 of the counties with territory in the new learning community, to the  
16 Property Tax Administrator, to the State Department of Education, and  
17 to the school boards of the member school districts of the new  
18 learning community. A learning community shall be established for each  
19 city of the metropolitan class and shall include all school districts  
20 for which the principal office of the school district is located in  
21 the county where the city of the metropolitan class is located and all  
22 school districts for which the principal office of the school district  
23 is located in a county that has a contiguous border of at least five  
24 miles in the aggregate with such city of the metropolitan class. A  
25 learning community may also be established for one or more counties at  
26 the request of the school boards of all school districts for which the  
27 principal office of the school district is located in the specified

1 county or counties if such school districts have a minimum combined  
2 total of at least two thousand students, except that sparse or very  
3 sparse school districts ~~in local systems that are in the sparse cost~~  
4 ~~grouping or the very sparse cost grouping as described in section~~  
5 ~~79-1007.02~~ need not have a minimum combined total of at least two  
6 thousand students but a learning community with fewer than two  
7 thousand students shall include at least two school districts. Such  
8 requests shall be received by the Secretary of State on or before  
9 March 1 to be effective the following September 1.

10 (2) On or before September 1 following the certification of  
11 the establishment of a new learning community, the school board of  
12 each member school district shall appoint a member of such school  
13 board to serve on the learning community coordinating council and  
14 shall notify the Secretary of State of the appointment. The Secretary  
15 of State or his or her designee shall convene a meeting of the new  
16 council during the month of September and each month thereafter  
17 through the following June. At the September meeting, the council  
18 shall elect officers and shall begin taking the necessary steps to  
19 begin operating as a learning community. The Secretary of State or his  
20 or her designee shall schedule and host each meeting and shall serve  
21 as a facilitator at each meeting. The Secretary of State may contract  
22 for facilitation services. In any fiscal year that one or more new  
23 learning communities are established, the Secretary of State shall  
24 report to the Education Committee of the Legislature on or before  
25 December 31 and on or before June 30, regarding the progress of any  
26 new learning community coordinating councils.

27 (3) For purposes of this section, a sparse school district

1 is a district which does not meet the requirements of subsection (4)  
2 of this section but which has: (a)(i) Less than two students per  
3 square mile in the county in which each high school is located, based  
4 on the school district census, (ii) less than one formula student per  
5 square mile in the school district, and (iii) more than ten miles  
6 between each high school attendance center and the next closest high  
7 school attendance center on paved roads; (b)(i) less than one and  
8 one-half formula students per square mile in the school district and  
9 (ii) more than fifteen miles between each high school attendance  
10 center and the next closest high school attendance center on paved  
11 roads; (c)(i) less than one and one-half formula students per square  
12 mile in the school district and (ii) more than two hundred  
13 seventy-five square miles in the school district; or (d)(i) less than  
14 two formula students per square mile in the school district and (ii)  
15 the school district includes an area equal to ninety-five percent or  
16 more of the square miles in the largest county in which a high school  
17 attendance center is located in the school district.

18 (4) For purposes of this section, a very sparse school  
19 district has (a)(i) less than one-half student per square mile in each  
20 county in which each high school attendance center is located, based  
21 on the school district census, (ii) less than one formula student per  
22 square mile in the school district, and (iii) more than fifteen miles  
23 between the high school attendance center and the next closest high  
24 school attendance center on paved roads or (b)(i) more than four  
25 hundred fifty square miles in the school district, (ii) less than  
26 one-half student per square mile in the school district, and (iii)  
27 more than fifteen miles between each high school attendance center

1 and the next closest high school attendance center on paved roads.

2 Sec. 47. Section 79-2106, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4 79-2106. Any official action of a learning community  
5 coordinating council shall require approval of not less than one-half  
6 the voting members of the board representing school districts that  
7 have at least one-third of the students in the learning community,  
8 ~~as measured by the formula students in the most recent certification~~  
9 ~~of state aid pursuant to section 79-1022.~~

10 Sec. 48. Sections 15, 16, and 51 of this act become  
11 operative on their effective date. The other sections of this act  
12 becomes operative on July 1, 2008.

13 Sec. 49. Original sections 77-913, 79-213, 79-805, 79-818,  
14 79-820, 79-855, 79-856, 79-861, 79-872, 79-873, 79-874, 79-8,137,  
15 79-901, 79-977, 79-978.01, 79-1065.01, 79-1083.01, 79-1089, 79-1090,  
16 79-10,124, 79-1108.02, 79-1235, and 79-1241, Reissue Revised Statutes  
17 of Nebraska, sections 10-704, 13-508, 77-1327, 77-3442, 77-5007,  
18 79-479, 79-528, 79-1065.02, 79-1073, 79-1073.01, 79-10,120, 79-1103,  
19 79-1104, 79-1223, 79-1241.01, 79-1337, 79-2102, and 79-2106, Revised  
20 Statutes Cumulative Supplement, 2006, and sections 79-413 and  
21 79-4,111, Revised Statutes Cumulative Supplement, 2006, as affected by  
22 Referendum 2006, No. 422, are repealed.

23 Sec. 50. The following sections are outright repealed:  
24 Sections 43-2513, 79-245, 79-1015.01, 79-1017.01, 79-1020, 79-1021,  
25 79-1022.02, 79-1023, 79-1025, 79-1027.01, 79-1029, and 79-1031,  
26 Reissue Revised Statutes of Nebraska, and sections 79-1001, 79-1002,  
27 79-1005.01, 79-1005.02, 79-1007.01, 79-1007.02, 79-1007.03,

1 79-1007.04, 79-1007.05, 79-1007.06, 79-1007.07, 79-1007.08,  
2 79-1007.09, 79-1007.10, 79-1008.01, 79-1008.02, 79-1009, 79-1009.01,  
3 79-1010, 79-1011, 79-1012, 79-1018.01, 79-1024, 79-1026.01, 79-1030,  
4 and 79-1033, Revised Statutes Cumulative Supplement, 2006, and  
5 sections 79-1003, 79-1016, 79-1022, 79-1026, 79-1027, 79-1028,  
6 79-1031.01, 79-1083.02, and 79-1083.03, Revised Statutes Cumulative  
7 Supplement, 2006, as affected by Referendum 2006, No. 422.

8 Sec. 51. Since an emergency exists, this act takes effect  
9 when passed and approved according to law.